

**HRM3706
RHR3706**

May/June 2013

PERFORMANCE MANAGEMENT

Duration 2 Hours

75 Marks

EXAMINERS ·
FIRST
SECOND
EXTERNALMRS EM MAIMELA
MR LS MARE
MR MA BUYS**Use of a non-programmable pocket calculator is permissible****Closed book examination****This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue.****This examination paper consists of 5 pages****INSTRUCTIONS:**

- Write the numbers of the questions you choose in the appropriate space on the front cover of the examination book.
- Answer any **three (3)** of the following **five (5)** questions

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Question 1

Read the following passage and answer questions 1.1 and 1.2

Performance management, ethics and the law

Today's economic uncertainty has forced many organisations' executives to at least consider reducing staff size in order to salvage the fiscal health of their organisations. While sometimes these staff reductions are true "reductions in force" and not based on the performance of the affected individuals, often organisations' executives will look to cut staff whose performance levels are below expectations. Of course, a decision to terminate an employee must be made only after great care has been taken to ensure that the organisation is not exposing itself to significant legal risks. When calculating these risks, an employee's past performance reviews -- documented in writing -- can serve as the organisation's best ally or its worst enemy, depending on how effective and accurate those reviews are.

- 1.1 The passage refers to some organisations carrying out performance management in an illegal and unethical manner. Identify unethical and illegal behaviour in the passage and discuss the risks organisations carrying out this behaviour expose themselves to (10)
- 1.2 Identify one purpose of performance management systems that can help such organisations to avoid such risks, and explain how this purpose can help by providing a suitable example (5)
- 1.3 Briefly explain the role played by the Labour Relations Act 66 of 1995 in the performance management process. (5)
- 1.4 Briefly discuss the implications of individual performance rewards for teamwork spirit among team members. (5)

[25]

Question 2

- 2.1 Distinguish between the three approaches to measuring or evaluating performance and provide a practical example of each (12)
- 2.2 Draw a diagram illustrating a cause-and-effect relationship among the four perspectives of a balanced scorecard. Briefly discuss this relationship (13)

[25]

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Question 3

Read the following case study and answer the questions that follow.

Dealing with underperformance

Dipuo is a claims administrator with Rest-in-Peace Assured plc, a life assurance company. She is in her mid-sixties, one of the company's longest-serving employees and has an unblemished disciplinary record. David, the claims team manager, who joined the company recently, arranges a meeting with the HR manager, Jabu, to discuss a problem he (Jabu) is having with Dipuo. Some of Dipuo's colleagues have complained to him that she doesn't pull her weight and is slow in dealing with her claims allocation. They have to cover for her to prevent a backlog of claims building up. David explains to Jabu that he has been told that Dipuo's poor performance has been a problem for some time, but the previous claims team manager did nothing about it. There is no documentation showing that the problem was being addressed. The previous manager allowed Dipuo to coast along, so much so that it appears to David that she has become somewhat "set in her ways". Because of the effect that Dipuo's underperformance has on the rest of the team, David wants to take decisive action now. He schedules a meeting with Dipuo.

Prior to the meeting, David should collect relevant and objective evidence, for example customer complaints, to demonstrate that Dipuo has not been dealing with claims in a timely manner. David feels, if they had been available, he would also have needed to obtain copies of Dipuo's appraisals and details of discussions that her previous manager had with her concerning her performance. The evidence David collected indicates that Dipuo is indeed underperforming. The next morning David meets with Dipuo to discuss his concerns. At first, Dipuo is defensive and claims that her performance is no worse than that of the other members of the claims team. She does not believe that there have been customer complaints about her, so she cannot see what the problem is. However, when David shows her evidence that her closure rate of claims files has consistently been the lowest in the team and that some customers have complained about the slow handling of their claims, she breaks down in tears. David comforts her. He even promises that she will receive training.

- 3.1 There are several sources an organisation can use to collect or gather performance information and provide feedback to employees. This is referred to as the 360-degree system. Identify two sources used in Rest-in-Peace. (2)
- 3.2 Advise David, the new manager, about the risks associated with the system in question 3.1. Provide a clear example how each risk can apply to Dipuo's case. (10)

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- 3.3 Without getting to the bottom of the problem as to why Dipuo is underperforming, David jumps into the conclusion that the solution to the problem is to provide Dipuo with training. With reference to the case study, advise David with this formula:

Performance = declarative knowledge X procedural knowledge X motivation (13)

[25]

Question 4

- 4.1 Draw a diagram to illustrate the influence of the external environment on the organisational performance. Provide a suitable example (7)
- 4.2 Briefly discuss how “halo errors” can occur when managers observe and evaluate behaviours related to developmental goals. Provide a suitable example (4)
- 4.3 Discuss the three (3) main reasons for introducing pay-for-performance. (6)
- 4.4 Briefly discuss the relationship between performance management and the following concepts.
- Job analysis {2}
 - Developmental plans {2}
 - Coaching {2}
 - Performance appraisal/review/evaluation {2}

(8)

[25]

Question 5

Read the following case study and answer questions 5.1 and 5.2

Managing team performance at ISMS

Inter-System Maintenance Services (Pty) Ltd (abbreviated as ISMS) was registered on 3 July 2009 at the Registrar of Companies office in South Africa. ISMS offers the following types of maintenance and cleaning services to its clients:

- cleaning and maintenance of offices and buildings
- cleaning and maintenance of office and building exteriors
- cleaning and maintenance of all types of floors and interiors

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- area maintenance, including landscape and gardens
- cleaning drains and grass cutting
- refuse/litter collections

The company has three branches located at Mbombela, Polokwane and Mafikeng. The mission of the company is the following.

- to provide quality, efficient, and effective services to its clients
- to build an excellent and lasting business rapport with clients
- to be a successful and highly respected organisation

To succeed in the competitive business market, the company strives to differentiate itself by providing superior quality services to its clients. The Polokwane branch of this company has about 300 employees working at various operational levels. Their work is closely monitored by a number of supervisors. The performance of the company depends heavily on the performance of these employees. It is widely speculated that the present performance management system adopted by the company lacks objectivity. Therefore, the company needs an objective measurement procedure which is capable of incorporating objective as well as subjective factors into the evaluation process, in order to provide a measurement of the employees' overall performance.

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| 5.1 | Differentiate amongst different teams found in organisations, and identify the one found in ISMS. | (10) |
| 5.2 | Advise the management of ISMS about the implications of the type of team used on performance management. | (3) |
| 5.3 | Define the concepts <i>critical success factors</i> (CSFs) and <i>key performance indicators</i> (KPIs) and justify their role in the performance management system. | (12) |
| | | [25] |
| | TOTAL | [75] |